Oil & Gas Document Imaging	**FY2003 Request:**	**$200,000**
	Reference No:	**35748**

AP/AL: Appropriation   **Project Type:** Information Systems
Category: Development
Location: Statewide   **Contact:** Mark Myer
Election District: Statewide   **Contact Phone:** (907)269-8800
Estimated Project Dates: 07/01/2002 - 06/30/2005

Brief Summary and Statement of Need:
This project serves both the division's immediate need for the automation of complete royalty data and the department's desire for a data automation prototype. At present, many oil and gas royalty payers submit a portion of their royalty reports electronically; yet each month more than one thousand pages of supporting and supplemental data is filed in hard copy. This project establishes an automated system to copy and convert the paper documents to electronic form. It includes creating and maintaining a single on-line database to catalogue, store, and retrieve all information, including royalty reports, spreadsheets, word documents, e-mail, etc.

Funding:

	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	Total
Gen Fund	$200,000	$200,000	$200,000				$600,000
Total:	$200,000	$200,000	$200,000	$0	$0	$0	$600,000

☐ State Match Required	☐ One-Time Project	☒ Phased Project	☐ On-Going Project
0% = Minimum State Match % Required	☐ Amendment	☐ Mental Health Bill	

Operating & Maintenance Costs:

	Amount	Staff
Total Operating Impact:	0	0
One-Time Startup Costs:	0	
Additional Estimated Annual O&M:	12,000	0

Prior Funding History / Additional Information:
This is a new project request. This project is the enterprise document imaging project for the Department and will establish Departmental standards and procedures for future paper file automation projects.

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Detailed Project Justification:
The State of Alaska, Division of Oil and Gas has been delegated specific statutory and regulatory authority and responsibility to sell oil and gas leases, to administer and manage the terms of those leases, and to collect royalty revenues from state oil and gas lessees. Administration of leases and the collection of revenues increase in complexity with increases in the number of producing leases and variety of lessee ownership arrangements.

This project would establish a data automation standard whereby all forms of supplemental royalty information (royalty reports, spreadsheets, word documents, e-mail, etc.) could be scanned and/or catalogued into a single on-line database. Access would be managed electronically both for staff and public use. Automation of supplemental royalty data will enable existing staff to meet more of the daily demands for information made by the division's analytical staff, oil and gas lessees, the public, and other government agencies working to meet statutory and regulatory requirements.

The administration, collection, accounting, and record storage practices for oil and gas royalties directly impact the speed and accuracy of the division's work, as well as the economics of developing oil and gas resources. Increases in these costs accrue to the state and the lessees. Costs associated with increased reporting include the addition of staff to handle the volume of work, storage to handle paper reports, and the preparation costs borne by companies.

Alternatives to standardization and automation are limited to existing methods of manually cataloguing and storing documents in physical filing systems. The increasing volume of documents received has only increased labor, storage, and materials costs over the last ten years. This project would be expected to help reduce the demand in future budgets for additional staff to meet the increasing workload. This increase in workload can only be met by increased staffing, increased use of more efficient technological advances, or a combination of both.

The past five years historical documents will be converted and stored in the system. This electronically stored data can then be more readily searched and used for analysis by division accountants, auditors, and commercial analysts. Staff training and public access to non-confidential data are included in the project deliverables. Additionally, to the extent the approved budget allows, automation would be extended to the division's other areas of responsibility, such as leasing, resource evaluation, and unitization.

This project is the enterprise document imaging project for the Department and will establish Departmental standards and procedures for future paper file automation projects. This project addresses the use of more efficient technology.

The project costs are estimated based on current prices for expected equipment purchases, processing software packages, software maintenance costs, materials costs, archival database development costs, and consultant costs to automate the historical documents and to create Internet web access.

Specific Spending Detail:
Hardware and Software (74000 & 75000): This project will evaluate and purchase document imaging and management software, scanning workstations for imputing the information, additional disk space to store the scanned information, and upgrade the database server if necessary to accommodate the increased data processing.

Consulting Services (73000): This project will contract professional services to scan up to the past five years of documents into the system, and to provide staff training in how to use the system.

Line Item	Estimated $ Expenditure
73000 - Contractual	$130.0
74000 - Commodities	$50.0
75000 – Capital	$20.0

Project Support: All oil and gas companies that have producing oil and gas leases would support the implementation of formats and means to reduce the transaction costs and improve efficiency in their Alaska operations. Alaska state agencies include: the Alaska Department of Law, Alaska Department of Revenue, Alaska Department of Community and Economic Development, and divisions within the Alaska Department of Natural Resources. The USDI Minerals Management Service and the Bureau of Land Management would also support automation of this information.

Project Opposition: None.

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